GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

WATER RESOURCES DEPARTMENT - Incorporation of Special Purpose Vehicle (SPV) as a 100 % State owned company under W.R. Department under the Companies Act, 2013 in the name & style of "Andhra Pradesh Rayalaseema Drought Mitigation Projects Development Corporation Limited (APRSDMPCL)" or such other name as approved by the Registrar of Companies (ROC), Ministry of Corporate Affairs, Government of India –Permission accorded – Regarding.

WATER RESOURCES (PROJECTS.III) DEPARTMENT

G.O.MS.No. 28 Dated: 26-06-2020

Read:

From the ENC (Irrigation), Vijayawada Lr No.ENC (I)/WRD/AP/2020, dt:08.04.2020.

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O R D E R:

In the letter read above, the ENC (Irrigation), Vijayawada has explained that the Rayalaseema region is a chronically drought affected area, facing low rainfall, with reduced flood flows from the Krishna river, facing severe ground water stress and experiencing increased labor migration due to lack of opportunities. To overcome these challenges and provide minimum water security to Rayalaseema, it is proposed to enhance the capacities of existing canal systems servicing the region and to add new schemes to draw water from the Srisailam foreshore in order to tap the required water for the region within a short period varying from 30 to 40 days as against the earlier contemplated period of 120 days. In this regard, a total of 27 projects have been identified under the above programme and have been termed the Rayalaseema Irrigation Development Projects with a capital outlay of around INR 40,000 Crores. These projects are not only limited to 27 Projects and projects can be added in future based on the requirement which may also increase the overall capital outlay.

2. The ENC (Irrigation), Vijayawada has further reported that, in order to raise the fund for implementation of the Rayalaseema Irrigation Development Projects, domestic and international financial institutions are planned to be approached for which an SPV is proposed to be created under the Water Resources Department which is responsible for the funding, project management and to oversee these projects. The SPV is proposed to be called "Andhra Pradesh Rayalaseema Drought Mitigation Projects Development Corporation Limited (APRSDMPCL)" and its Main Office is proposed to be at Room No. 1, First Floor, Farmers Training Centre Building, Irrigation Compound, Governorpet, Vijayawada. The advantages of utilizing an SPV are as follows:

a)	Through forming a separate SPV, any financial difficulties/ constraints of the new projects cannot spill over into any other Govt. Project and vice versa.
b)	The SPV can arrange financing through loans from financial institutions and even has the option to tap into public markets.
c)	The SPV shall enable efficient monitoring of projects progress in a transparent manner.

3. The ENC (Irrigation), Vijayawada has further reported that the SPV is considered a 70:30 Debt-Equity Split for the total funding requirement based on the multiple communications with the financing agencies. However, the possibility of decreasing the equity share to either 20% or 10% will be explored. The initial paid-up share capital shall be required from the budget of Water Resource Department.

4. The ENC (Irrigation), Vijayawada has therefore, requested the Government to accord approval with regards to the utilization of the budget of Water Resources Department for the paid-up share capital, the name and address of the SPV and the composition of the Board of Directors and Organization Structure to initiate the process of registration of the SPV will be taken up with the Ministry of Corporate Affairs in order to tap necessary funds required for implementation of the Rayalaseema Irrigation Development Projects.

5. Government after careful examination of the matter, hereby accord permission to the ENC (Irrigation), Vijayawada for incorporation of Special Purpose Vehicle (SPV) as a 100 % State owned company under W.R. Department under the Companies Act, 2013 in the name & style of "Andhra Pradesh Rayalaseema Drought Mitigation Projects Development Corporation Limited (APRSDMPCL)" or such other name as approved by the Registrar of Companies (ROC), Ministry of Corporate Affairs, Government of India, subject to the following conditions:

a)	The initial paid-up share capital will be kept at Rs 5.00 crores & met from the budget of the W.R. Department. The paid-up share capital can be raised to appropriate levels, at periodic intervals, basing upon the requirement.
b)	The positions in the company shall be staffed by deputing personnel with the necessary skill-set. from the W.R. Department.
c)	The position of Company Secretary shall be filled only after the activities of the company achieves a critical mass.
d)	The debt shall be secured by the company, at the most concessional rate of interest & terms, with the prior consent of the Finance Department.
e)	All the statutory compliances as mandated under the Companies Act for the incorporation as well as the operation of the company are strictly adhered.

6. The ENC (Irrigation), Vijayawada shall take further action accordingly.

7. This order issues with the concurrence of Finance (FMU.WR.I) Department vide their UO No. FMU0PC/53/FMU –WR-I/2020, dated:18.05.2020.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

ADITYA NATH DAS
SPECIAL CHIEF SECRETARY TO GOVERNMENT

To
The ENC (Irrigation), Vijayawada
Copy to: The Finance (FMU.WR. I) Department
The PS to Minister (WRD).
The PS to Addl. Secretary to Chief Minister.
The PS to Special Chief Secretary (WRD)
File No.ICD01/MJIR/203/2020/Proj.III(1134662)
SF/SC //Forwarded: By Order//

SECTION OFFICER